



Washington, D.C. 20505

DIRECTORATE OF INTELLIGENCE

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IRAQ: THE TECHNOLOGY TRANSFER ISSUE [REDACTED]

Summary

[REDACTED] we have no evidence that Iraq has passed controlled Western dual-use equipment to the Soviets or has misdirected equipment to non-authorized domestic users. The Soviets either already have acquired or can get the equipment involved in the pending cases without using Iraq as a source. For their part, if the Iraqis do not get this equipment from the US, they almost certainly will be able to buy similar equipment from a number of Western suppliers.

[REDACTED]

[REDACTED]

[REDACTED]

WARNING NOTICE
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Iraq: Technology Base

[REDACTED] but we also believe that Iraq's high technology base is limited and therefore has not been a Soviet target for high technology acquisitions. Iraq only became seriously interested in enhancing its technology base in the mid 1970s when it began receiving increased revenues from higher oil prices. Indeed, the items presently under review--if approved--would be among the most advanced US equipment sold to Iraq thus far. [REDACTED]

Selected Cases Under Review

1. Vax 11/780 computer with FPS100 Floating Point Array Processors
2. Sperry 1100/72 computer
3. Honeywell DPS8/49 computer
4. One 300 Megahertz Oscilloscope [REDACTED]

Iraq hopes to upgrade its technology through joint ventures or outright ownership of new production facilities and--similar to the Soviet philosophy--fears being dependent on foreign sources for critical products. [REDACTED]

[REDACTED] Iraq has plans for a plant to assemble micro-computers and wants to install advanced data processing and communications systems throughout the country. [REDACTED]

As best we can tell, the Iraqis have legitimate needs for the high technology equipment they have ordered from the United States, particularly for seismological exploration and scientific research. Reflecting their oil reserves, they have a well developed energy exploration sector. For more than a decade, Iraq has placed considerable emphasis on education, and its engineers and architects have acquired good regional reputations. For example, Iraq has established the Council for Scientific Research and the Space Research Centers to conduct basic research at all Iraqi universities and colleges. [REDACTED]

Evidence of Diversion to the Warsaw Pact

[REDACTED]

[REDACTED] We believe Iraq tries to protect Western and Warsaw Pact military equipment from falling into unauthorized hands and would protect controlled equipment and technology if asked to do so. [REDACTED]

Evidence of Internal Diversion

[REDACTED]

We believe, however, that the Iraqi Atomic Energy Commission has little incentive to divert equipment purchased under false pretenses or to attempt elaborate black or grey market procurement schemes for such equipment.

[REDACTED]

Potential for Diversions

Despite Iraq's seemingly clean record to date on diversions to the Soviets, we cannot rule out the possibility in the future, particularly as the level of high technology available in Iraq increases. The USSR, Iraq's principal arms supplier, might offer military equipment previously denied Baghdad to obtain technology. Baghdad may be even more agreeable if the Soviets sought reproducible software or manuals, which could not easily be traced to Iraq. [REDACTED]

The Soviets do not necessarily need Iraq to gain access to the US equipment being considered.

[REDACTED]

- . The Soviets have focused their acquisition efforts on acquiring IBM and DEC equipment.
- . The HP85B desk top calculator in all probability could be acquired legally from the US. [REDACTED]

The large Soviet presence, however, gives Moscow the opportunity for collection. [REDACTED]

We cannot exclude the possibility of internal diversions and believe that the odds of this happening are higher than possible illegal technology transfers to Moscow. [REDACTED]

Foreign Availability

Similar and in some cases better equipment is available in other Western countries. In 1983, France sold about \$20 million worth of computers to Iraq; Japan another \$15 million. Both countries remain eager to sell and almost certainly would step in if the US failed to make the sales. [REDACTED]

Conclusion

We believe that there is little risk that Iraq will divert the US computers to Moscow. While the risk is somewhat higher, we also believe that internal diversions to Iraq's nuclear, CW, and weapons programs are unlikely. [REDACTED]

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The Iraqis probably would agree to special conditions attached to the sale of the items--such as post shipment checks and visitations--provided the terms are not perceived as an affront to their sovereignty. The Iraqis, owing to past domination by the British, are extremely sensitive to superpower interference in their internal affairs. [REDACTED]

[REDACTED] the Council of Scientific Research has offered to submit to on-site visits. The Iraqis have permitted [REDACTED] access to their research centers. The Iraqis are likely to find controls more acceptable if couched in terms of protecting the items from clandestine diversion by the Soviets. [REDACTED]

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